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FORM 10-Q

IES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended January 31, 1992

Commission File Number 0-4179

CAPITAL INVESTMENT OF HAWAII, INC.
(Exact name of registrant as specified in its charter)

Hawaii	99-0065664
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Suite 1700, PRI Tower, 733 Bishop Street
Honolulu, Hawaii 96813
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (808) 537-3981

No Change
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No _____.

There were 1,032,683 shares outstanding of common stock, no par value, as of January 31, 1992.

PART I - FINANCIAL INFORMATION

CAPITAL INVESTMENT OF HAWAII, INC. & SUBSIDIARIES

Condensed Consolidated Balance Sheets

January 31, 1992 and July 31, 1991

	January 31, 1992 (Unaudited)	July 31, 1991
Cash and cash equivalents	$ 2,078,040	2,789,849
Marketable equity securities at cost (quoted market of $1,632,500 at January 31, 1992 and $3,752,467 at July 31, 1991)	1,423,713	3,189,084
Inventories	208,856	69,474
Receivables:		
Trade accounts and notes, less allowance for doubtful receivables of $15,498 at January 31, 1992 and July 31, 1991	1,172,212	569,016
Long-term receivables (including current installments of $688,000 at January 31, 1992 and $56,600 at July 31, 1991	2,351,182	1,742,429
Income tax refunds receivable	685,665	826,713
Total Receivables	4,209,059	3,138,158
Developed real estate, less accumulated depreciation of $153,415 at January 31, 1992 and $144,915 at July 31, 1991	137,431	745,299
Undeveloped land held for sale	134,474	126,974
Other investments	1,139,425	2,050,020
Property and equipment, at cost, less accumulated depreciation of $620,576 at January 31, 1992 and $443,453 at July 31, 1991	1,172,557	1,173,432
Deferred charges and other assets	1,198,764	1,283,827
	$11,702,319	14,566,117

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

January 31, 1992 and July 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991
Indebtedness (current installment maturing within one-year of $4,242,000 at January 31, 1992 and $3,612,500 at July 31, 1991:		
Debentures	$ 2,788,690	2,843,690
Mortgage notes	200,000	698,350
Other notes, unsecured	589,500	577,140
Other notes, secured	1,788,038	3,170,386
Total indebtedness	5,366,228	7,289,566
Accounts payable, trade	1,041,202	1,537,142
Accrued expenses	452,829	614,300
Deferred income tax	–	207,800
Other payables	1,085,943	1,024,896
Stockholders' equity:		
Common stock without par value Authorized 2,531,765 shares; issued 1,723,765 shares at stated value of $1 per share. (No shares reserved for conversion, warrants, options or other rights)	1,723,765	1,723,765
Additional paid-in capital	469,321	469,321
Retained earnings	5,620,518	5,756,814
	7,813,604	7,949,900
Deduct cost of common shares in treasury 691,082 at January 31, 1992 and July 31, 1991	(4,057,487)	(4,057,487)
Net stockholders' equity	3,756,117	3,892,413
	$11,702,319	14,566,117

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC.

Condensed Consolidated Statements of Operations

Three Months ended January 31, 1992 and 1991

and

Six months ended January 31, 1992 and 1991

(Unaudited)

	Three Months January 31		Six Months January 31	
	1992	1991	1992	1991
Revenues:				
Real estate sales	$ ---	636,949	$ 700,000	900,000
Net product sales	2,716,500	1,165,665	6,393,057	2,202,934
Commissions and fees	240,729	202,063	466,892	339,541
Income from investments	787,834	249,691	997,897	525,968
Miscellaneous	3,808	10,589	6,311	15,012
	3,748,871	2,264,957	8,564,157	3,983,455
Cost and expenses:				
Cost of real estate sales	---	---	601,749	---
Cost of product sales	2,016,098	706,100	5,187,458	1,300,387
Other direct operating expenses and general and administrative expenses	1,361,583	1,076,150	2,652,143	2,094,647
Interest	184,281	181,202	349,103	308,390
	3,561,962	1,963,452	8,790,453	3,703,424
Earnings (loss) before income taxes	186,909	301,505	(226,296)	280,031
Income tax benefit (provision)	(75,000)	(115,000)	90,000	(107,000)
Net earnings (loss)	111,909	186,505	$ (136,296)	173,031
Net earnings (loss) per common share	$ .11	.18	$ (.13)	.17
Dividends per common share	NONE	NONE	NONE	NONE
Weighted average number of common shares outstanding during the period	1,032,683	1,033,706	1,032,683	1,039,076

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Consolidated Statements of Retained Earnings

Six months ended January 31, 1992 and 1991

(Unaudited)

	1992	1991
Retained earnings at July 31	$ 5,756,814	6,131,506
Net earnings (loss)	(136,296)	173,031
Retained earnings at January 31	$ 5,620,518	6,304,537

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

Six months ended January 31, 1992 and 1991

(Unaudited)

	1992	1991
Net cash used in operating activities	$ (2,046,308)	(4,871,857)
Cash flows from investing activities:		
Purchase of securities	(46,173)	(2,041,624)
Proceeds from sales of securities	2,524,315	561,331
Capital expenditures	(176,248)	(113,652)
Proceeds from partnership distributions	955,943	--
Payment for purchase of certain assets of Bakery Europa, Inc., net of liabilities assumed	--	(1,276,903)
Payments on covenants not-to-compete	--	(450,000)
Net cash provided by (used in) investing activities	3,257,837	(3,320,848)
Cash flows from financing activities:		
Proceeds from issuance of indebtedness	1,032,360	3,503,429
Principal payments on indebtedness	(2,955,698)	(27,843)
Acquisition of treasury stock	--	(99,965)
Net cash provided by (used in) financing activities	(1,923,338)	3,375,621
Net decrease in cash and cash equivalents	(711,809)	(4,817,084)
Cash and cash equivalents at beginning of period	2,789,849	6,063,921
Cash and cash equivalents at end of period	$ 2,078,040	1,246,837

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Notes to Summarized Financial Information

(Unaudited)

(1) Basis of Information Furnished

The information furnished reflects all adjustments which are necessary in the opinion of management for a fair presentation of the results of operations for the three and six month periods ended January 31, 1992 and 1991.

(2) Net Earnings (Loss) Per Common Share

Net earnings (loss) per common share was computed by dividing the net earnings (loss) by the weighted average number of shares of common stock outstanding.

(3) Notes Receivable Sold with Recourse and Mortgage Notes Payable Assumed by Others

Under the provision of various agreements relating to their participation in mortgage notes receivables sold with recourse, the Company and its subsidiaries are committed to repurchase notes that become delinquent, as specified in the agreements, if requested to do so by the holder of the notes. At January 31, 1992, the outstanding balances of notes receivable sold that are subject to the aforementioned recourse provisions aggregated approximately $1,070,000. The Company and its subsidiaries may be subject to similar recourse provisions with respect to additional outstanding balances of notes aggregating approximately $433,000 at January 31, 1992, although management does not believe this was the intent of the parties to the agreements related to the sale of its participation in notes receivable. The mortgage notes referred to above relate to condominium unit sales in 1972 and 1973.

Management believes that if the Company is required to repurchase delinquent notes, no losses will be incurred as the proceeds from the sale of real estate securing the notes would be adequate to satisfy the related debt obligations.

In addition, the Company and its subsidiaries are contingently liable for first mortgages of aproximately $25,000 at January 31, 1992 assumed by purchasers of real estate.

(4) Supplemental Cash Flow Information of Noncash Investing Activities

In August, 1990, the Company purchased certain assets of Bakery Europa, Inc. for $1,276,903. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	$1,288,764
Cash paid for assets acquired	1,276,903
Liabilities assumed	$ 11,861

In connection with the acquisition, the Company entered into covenants not-to-compete with the stockholders of Bakery Europa, Inc. amounting to $977,276.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

For the six months ended January 31, 1992, the Company used $2,046,308 in cash for operating activities. Cash provided by investing activities amounted to $3,257,837 consisting primarily of $2,524,315 in proceeds from the sale of marketable securities which generated a gain on sale of $712,771, and $955,943 in partnership distributions from its 48 percent interest in Desert Creek Associates. Net cash used in financing activities totaled $1,923,338, representing the net of $2,955,698 in payments on indebtedness less $1,032,360 in proceeds from new borrowings.

At January 31, 1992, the Company held cash and cash equivalents of $2,078,040 and marketable equity securities with a market value of $1,632,500. Cash requirements for the remaining quarters of fiscal 1992 will be satisfied from either internal cash or institutional borrowing.

Results of Operations

The Company and its subsidiaries are engaged principally in the business of acquiring, developing, leasing and dealing in real estate, product sales, including bakery goods and aviation fuel, and investing in securities, which activities are subject to various factors which cause fluctuations between periods. Accordingly, the results of operations for the three and six months ended January 31, 1992 are not necessarily indicative of results to be expected for the year and are not necessarily comparable to the results of operations for the three and six months ended January 31, 1991.

Revenues for the six months ended January 31, 1992 increased $4,580,702 over the comparable period in 1991. The fluctuation is primarily attributable to an increase in product sales of $4,190,123 due mainly to the commencement of aviation fuel activities in February 1991. In addition, income from investments for the six months ended January 31, 1992 increased by $471,029 over the comparable period in 1991. Cost and expenses for the six months ended January 31, 1992 increased $5,087,029 over the comparable period in 1991. This increase is primarily attributable to an increase in cost of real estate and product sales of $601,749 and $3,887,071, respectively. The fluctuation in cost of product sales is due mainly to the cost of aviation fuel sales in the current year.

Revenues and cost and expenses for the quarter ended January 31, 1992 increased $1,483,914 and $1,598,510, respectively over the quarter ended January 31,1991. This increase is due largely to a $1,550,835 and $1,309,998 increase in product sales and cost of product sales, respectively. The majority of this variance due to aviation fuel sales and cost of aviation fuel sales recorded in 1992.

The income tax benefit recorded for the six months ended January 31, 1992 was $90,000 compared to the income tax provision of $107,000 for the same period in 1991. This is attributable to the pretax loss experienced in the six months ended January 31, 1992 compared to the pretax income generated in the comparable period in 1991.

The income tax provision for the quarter ended January 31, 1992 was $75,000 compared to the $115,000 for the same period in 1991. The decrease in income taxes is directly related to the decrease in pretax income of $301,505 for the quarter ended January 31, 1991 to $186,909 for the comparable period in 1992.

PART II - OTHER INFORMATION

Items 1,2,3,5. None

Item 4. The following actions were taken at the annual stockholders meeting held on January 31, 1992:

a. Directors were re-elected for the year as follows:

Stuart T.K. Ho
Dean T.W. Ho
Donald M. Wong
Stanley W. Hong
Pedro Ada
C.B. Sung

b. KPMG Peat Marwick was re-elected independent auditors for the year ending July 31, 1992 by a vote of 575,514 shares in the affirmative and none in the negative.

Item 6 Exhibits and Reports on Form 8-K

a. Exhibit I - computation of net earnings (loss) per common share for three and six months ended January 31, 1992 and 1991.

b. No reports on Form 8-K were required to be filed during the quarter ended January 31, 1992.

EXHIBIT I

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Computation of Net Earnings (Loss) Per Common Share

Three months ended January 31, 1992 and 1991

and

Six months ended January 31, 1992 and 1991

(Unaudited)

	Three Months January 31,		Six Months January 31,	
	1992	1991	1992	1991
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Common shares issued	1,723,765	1,723,765	1,723,765	1,723,765
Less common shares in treasury	691,082	690,059	691,082	684,689
Weighted average shares outstanding during the period	1,032,683	1,033,706	1,032,683	1,039,076
Net earnings (loss)	$ 111,909	186,505	$ (136,296)	173,031
Net earnings (loss) per common share	$ .11	.18	$ (.13)	.17

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL INVESTMENT OF HAWAII, INC.

Dated: March 12, 1992

Stuart T.K. Ho, Chairman of the Board and President

Dated: March 12, 1992

Donald M. Wong, Senior Vice President and Treasurer